



Norman H. Bangerter  
Governor

Dee C. Hansen  
Executive Director

Dianne R. Nielson, Ph.D.  
Division Director

# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340

*Replaced  
4/28/94*

January 12, 1993

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Acting Director *LOB*

THRU: D. Wayne Hedberg, Permitting Supervisor, Minerals *DWH*

FROM: Anthony A. Gallegos, Reclamation Engineer *aa*

RE: Request for Board Approval, Amount and Form of Replacement Reclamation Surety, Ziegler Chemical & Mineral Company (Ziegler), Ziegler Gilsonite Mines, M/047/013, Uintah County, Utah

Ziegler will be providing the Division with a replacement reclamation surety and Reclamation Contract for their Gilsonite Mines prior to the January 1993 Board Meeting. The surety form is currently being modified by their bank to agree with the format currently accepted by the Division. The surety is a Letter of Credit with the National Westminster Bank, USA, out of New York, for \$89,500. The surety amount has been adjusted to account for a recent permit amendment and five years of future escalation. This amount was estimated to be adequate by the Division until the year 1997. The surety company (National Westminster Bank, USA) has not changed since the Board last approved a surety for these operations in 1988.

The following items are attached for your evaluation:

- 1) Summary Checklist
- 2) Executive Summary
- 3) Location Map
- 4) Reclamation Estimate
- 5) Signed Reclamation Contract
- 6) Letter of Credit as Surety
- 7) File Memo regarding bonds with State Lands.

Thank you for your time and consideration of this request.

jb  
Attachments

**DOGM MINERALS PROGRAM**

Checklist for Board Approval  
of  
**FORM AND AMOUNT OF SURETY**

Prepared January 14, 1993

Mine Name Ziegler Gilsonite Mines  
File No. M/047/013

Items	Provided		Remarks
	Yes	No	
Executive Summary	X		
Location Map	X		
Reclamation Bond Estimate	X		
Signed Reclamation Contract	X		
Signed Power of Attorney/ Affidavit of Qualification		X	N/A
Bond/Reclamation Surety		X	Waiting for corrected version
Surety Sign Off (Other State/Federal Agencies)		X	See memo to file

## EXECUTIVE SUMMARY

Prepared January 13, 1993

Mine Name: Ziegler Gilsonite Mines  
Operator: Ziegler Chemical and Minerals  
and Minerals Corporation  
Star Route  
Little Bonanza, Utah  
Telephone: (801) 789-3593  
Contact Person: Norman Haslem

I.D. No: M/047/013  
County: Uintah  
New/Existing: Existing  
Mineral Ownership: Fee and State  
Surface Ownership: Fee and State  
Lease No.(s): Various  
Permit Term: Life of Mine

Life of Mine: 20 Years

Legal Description: Sections 15, 16, 22, 30, T9S, R24E and Sections 29, and 30, T10S, R21E, SLBM

Mineral(s) to be Mined: Gilsonite

Mining Methods: Underground mining using pneumatic chipping hammers and conventional hoist

Acres to be Disturbed: Mine Area = 13.49; Processing Facilities = 12.0 acres

Present Land Use: Mining and wildlife grazing

Postmining Land Use: Wildlife grazing

Variances from Reclamation Standards (Rule R613) Granted: None

### Soils and Geology:

Soil Description: Sandy loam

pH: 8.4 - 8.8

Special Handling Problems: Very little soil will be disturbed

Geology Description: The gilsonite veins are very narrow (3' to 8' wide) and practically vertical. They are mined up to a depth of 1,000 feet.

**Hydrology:**

**Ground Water Description:** Water is pumped from several of the shafts. A discharge permit has been approved by the Division of Environmental Quality.

**Surface Water Description:** No ephemeral or perennial streams are located in the vicinity of mine operations.

**Water Monitoring Plan:** N/A

**Ecology:**

**Vegetation Type(s); Dominant Species:** Shadscale, sagebrush, rabbitbrush, four-wind salt bush, cheatgrass, Indian ricegrass and galleta.

**Percent Surrounding Vegetative Cover:** 15 - 20%

**Wildlife Concerns:** None

**Surface Facilities:** Each mine site has a headframe and hoist house. Processing and storage facilities are centralized near Little Bonanza.

**Mining and Reclamation Plan Summary: . . . .**

**During Operations:**

1. Gilsonite will be mined with pneumatic chipping hammers and hoisted to the surface. Average production is about 12,000 tons of gilsonite per year.
2. The gilsonite is trucked to the processing facilities where it is pulverized, solar dried, and packaged for shipment.

**After Operations:**

1. All trash, equipment and unusable structures will be removed or buried onsite.
2. The shafts will be sealed with a reinforced concrete cap.
3. Gilsonite will be cleaned up and buried.
4. All disturbed areas will be recontoured, scarified, fertilized and seeded.

Page 3  
Executive Summary  
Ziegler Chemical  
M/047/013

**Surety:**

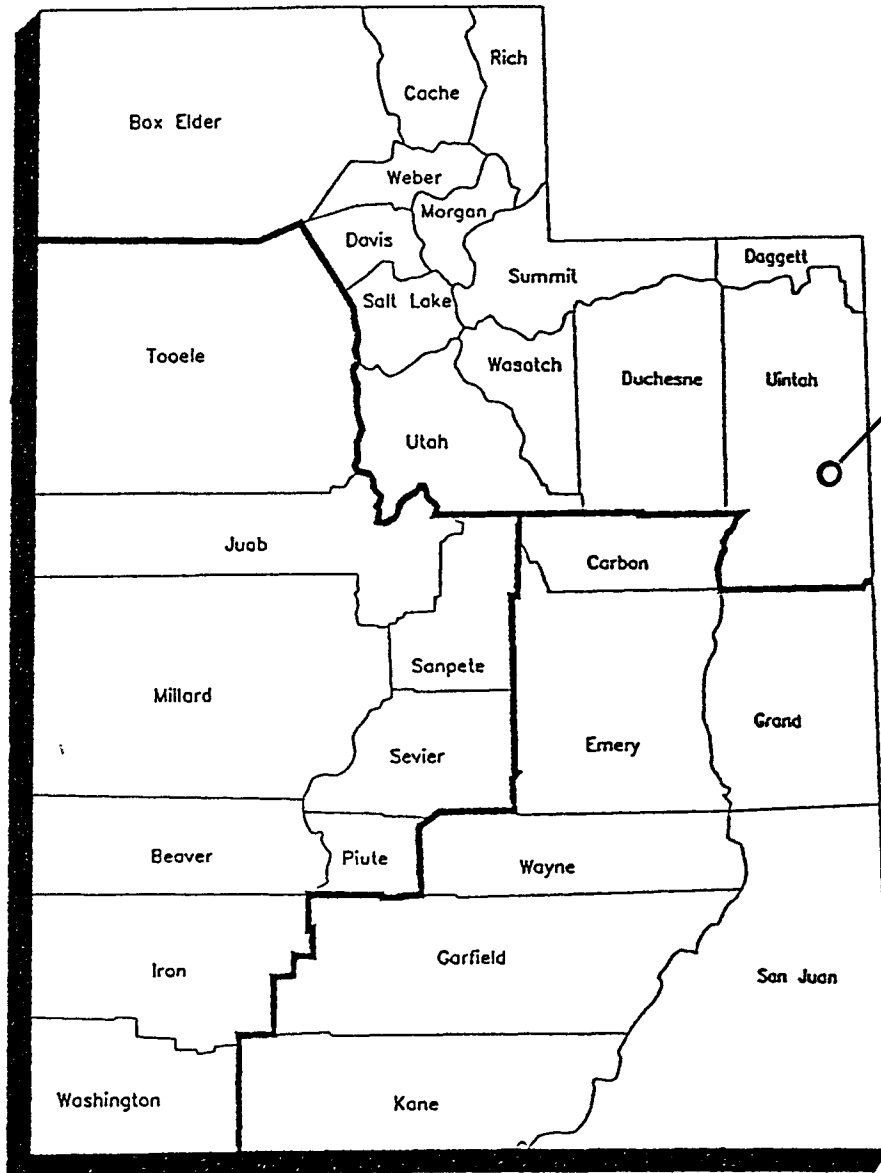
**Amount:** \$89,500

**Form:** Letter of Credit

**Renewable Term:** 5 years (1997)

jb  
4:M047013

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
Minerals Reclamation Program  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340



M/047/013  
ZIEGLER  
GILSONITE  
MINES

File Number \_\_\_\_\_

Effective Date \_\_\_\_\_

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

**RECEIVED**

DEC 1 8 1992

DIVISION OF  
OIL GAS & MINING

**RECLAMATION CONTRACT**

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/047/013  
(Mineral Mined) GILSONITE

"MINE LOCATION":  
(Name of Mine) ZIEGLER GILSONITE MINES  
(Description) UNDERGROUND MINES IN Uintah County, UT

"DISTURBED AREA":  
(Disturbed Acres) 8.55 + 12.00 = 20.55 acres  
(Legal Description) (refer to Attachment "A")

"OPERATOR":  
(Company or Name) ZIEGLER CHEMICAL & MINERAL CORPORATION  
(Address) 100 JERICHO QUAD  
JERICHO, NY 11753  
(Phone) 516-681-9600

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

McKEACHNIE & ALLRED

GAYLE F. McKEACHNIE

363 EAST MAIN

VERNAL, UT 84078

801-789-4908

"OPERATOR'S OFFICER(S)":

GORDON ZIEGLER, JR., PRESIDENT

T. DIBARTOLOMEO, VICE PRESIDENT

NORMAN HASLEM, MANAGER, VERNAL, UTAH  
OFFICE

"SURETY":

(Form of Surety - Exhibit B)

Irrevocable Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

National Westminster Bank, USA

"SURETY AMOUNT":

(Escalated Dollars)

\$89,500.00

"ESCALATION YEAR":

1997

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

A "DISTURBED AREA":

B "SURETY":

Revision Dates:

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between ZIEGLER CHEMICAL the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/013 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and



WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Exhibit B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.

6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.
7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies

resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

NORMAN HASLEM, ZIEGER CHEMICAL & MINERAL CORPORATION

Authorized Officer (Typed or Printed)

Norman Haslem  
Authorized Officer's Signature

Dec. 17, 1992  
Date

SO AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY \_\_\_\_\_  
James W. Carter, Chairman  
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By \_\_\_\_\_  
Dianne R. Nielson, Director

\_\_\_\_\_  
Date

STATE OF \_\_\_\_\_ )  
\_\_\_\_\_) ss:  
COUNTY OF \_\_\_\_\_ )

On the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, personally  
appeared before me, who being duly sworn did say that he/she, the said  
\_\_\_\_\_ is the Director of the Division of  
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she  
duly acknowledge to me that he/she executed the foregoing document by authority  
of law on behalf of the State of Utah.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:

OPERATOR:

ZIEGLER CHEMICAL & MINERAL CORPORATION

Operator Name

By NORMAN HASLEM, MANAGER

Corporate Officer - Position

Dec. 17, 1992  
Date

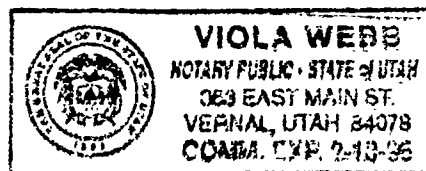
Norman Haslem  
Signature

STATE OF UTAH )  
COUNTY OF UINTAH ) ss:

On the 17 day of December, 1992, personally  
appeared before me NORMAN HASLEM who  
being by me duly sworn did say that he/~~she~~, the said NORMAN HASLEM  
is the MANAGER of ZIEGLER CHEMICAL, VERNAL OFFICE  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
NORMAN HASLEM duly acknowledged to me that said  
company executed the same.

Viola Webb  
Notary Public  
Residing at: Vernal, Utah

2-10-96  
My Commission Expires:



**Surety Company**

Date \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

Notary Public  
Residing at:

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

Reclamation Surety Estimate  
Ziegler Chemical & Mineral Company

last revision

12/03/92  
page 1 of 7

M/047/013

Uintah County, Utah

Prepared by Utah Division of Oil, Gas & Mining

FILE M47-013.WQ1

- This estimate is based on HRS and/or acres from the 1987 surety estimate
- This estimate is based on third party costs
- The 1987 surety estimate was based on using Ziegler's equipment
- LB-1, C-1&2, reclaimed in 1992; no structures located at the LB-8A site
- Earthwork hours estimated for the processing facility are adjusted in this version
- Labor costs estimated at \$15/HR in this version; see shaded items

INDEPENDENT 3	1.38	acre		
<u>Structural Removal</u>		HRS>acre	\$/HR>acr	\$
30 ton crane, oper. & oiler		4	148.24	593
4 laborers		16	60.00	960
<u>Earthwork &amp; Grading</u>				
front end loader & operator		2	73.10	146
motor grader & operator		2	85.44	171
dump truck & operator		2	75.61	151
<u>Capping</u>				
concrete (in CY)		4	63.00	252
one laborer		4	27.86	111
forms, etc. (SUM)		1	50.00	50
<u>Revegetation</u>				
tractor + disc/drill + operator	>	1.38	160.00	221
seed @ \$140/acre	>	1.38	140.00	193
fertilizer @ 200 lb/acre	>	1.38	100.00	138
TOTAL				2,987
Avg. cost per acre			\$2,164	

INDEPENDENT 4	1.41	acre		
<u>Structural Removal</u>		HRS>acre	\$/HR>acr	\$
30 ton crane, oper. & oiler		4	148.24	593
4 laborers		16	60.00	960
<u>Earthwork &amp; Grading</u>				
front end loader & operator		2	73.10	146
motor grader & operator		2	85.44	171
dump truck & operator		2	75.61	151
<u>Capping</u>				
concrete (in CY)		4	63.00	252
one laborer		4	27.86	111
forms, etc. (SUM)		1	50.00	50

Revegetation

tractor + disc/drill + operator	>	1.41	160.00	226
seed @ \$140/acre	>	1.41	140.00	197
fertilizer @ 200 lb/acre	>	1.41	100.00	141
TOTAL				2,999
Avg. cost per acre		\$2,127		

INDEPENDENT 5	1.2	acre	STATE LANDS BOND	
<u>Structural Removal</u>	HRS> acre	\$/HR>acr		\$
30 ton crane, oper. & oiler	4	148.24	593	
4 laborers	16	60.00	960	
<u>Earthwork &amp; Grading</u>				
front end loader & operator	4	73.10	292	
motor grader & operator	4	85.44	342	
dump truck & operator	4	75.61	302	
D-6 dozer & operator	5	107.80	539	
<u>Capping</u>				
concrete (in CY)	4	63.00	252	
one laborer	4	27.86	111	
forms, etc. (SUM)	1	50.00	50	
<u>Revegetation</u>				
tractor + disc/drill + operator	>	1.2	160.00	192
seed @ \$140/acre	>	1.2	140.00	168
fertilizer @ 200 lb/acre	>	1.2	100.00	120
TOTAL				3,922
Avg. cost per acre		\$3,268		

LITTLE BONANZA 1	2.11	acre	RECLAIMED/OMITTED
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LITTLE BONANZA 3	1.14	acre	STATE LANDS BOND	
<u>Structural Removal</u>	HRS> acre	\$/HR>acr		\$
30 ton crane, oper. & oiler	4	148.24	593	
4 laborers	16	60.00	960	
<u>Earthwork &amp; Grading</u>				
front end loader & operator	3	73.10	219	
motor grader & operator	3	85.44	256	
dump truck & operator	3	75.61	227	
D-6 dozer & operator	3	107.80	323	
<u>Capping</u>				
concrete (in CY)	4	63.00	252	



3/7

one laborer		4	27.86	111
forms, etc. (SUM)		1	50.00	50
<u>Revegetation</u>				
tractor + disc/drill + operator	>	1.14	160.00	182
seed @ \$140/acre	>	1.14	140.00	160
fertilizer @ 200 lb/acre	>	1.14	100.00	114
TOTAL				3,448
Avg. cost per acre		\$3,025		

LITTLE BONANZA 8	1.00	acre	ASSUMED ACREAGE & VALUES	
<u>Structural Removal</u>		HRS>acre	\$/HR>acr	\$
30 ton crane, oper. & oiler		4	148.24	593
4 laborers		16	60.00	960
<u>Earthwork &amp; Grading</u>				
front end loader & operator		3	73.10	219
motor grader & operator		3	85.44	256
dump truck & operator		3	75.61	227
<u>Capping</u>				
concrete (in CY)		4	63.00	252
one laborer		4	27.86	111
forms, etc. (SUM)		1	50.00	50
<u>Revegetation</u>				
tractor + disc/drill + operator	>	1	160.00	160
seed @ \$140/acre	>	1	140.00	140
fertilizer @ 200 lb/acre	>	1	100.00	100
TOTAL				3,069
Avg. cost per acre		\$3,069		

LITTLE BONANZA 11	1.01	acre	ASSUMED ACREAGE & VALUES	
<u>Structural Removal</u>		HRS>acre	\$/HR>acr	\$
30 ton crane, oper. & oiler		4	148.24	593
4 laborers		16	60.00	960
<u>Earthwork &amp; Grading</u>				
front end loader & operator		2	73.10	146
motor grader & operator		2	85.44	171
dump truck & operator		2	75.61	151
D-6 dozer & operator		1	107.80	108
<u>Capping</u>				
concrete (in CY)		4	63.00	252
one laborer		4	27.86	111

4/7

forms, etc. (SUM)		1	50.00	50
<u>Revegetation</u>				
tractor + disc/drill + operator	>	1.01	160.00	162
seed @ \$140/acre	>	1.01	140.00	141
fertilizer @ 200 lb/acre	>	1.01	100.00	101
TOTAL				2,947
Avg. cost per acre		\$2,917		

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LITTLE BONANZA 12		1.51	acre	
<u>Structural Removal</u>				
		HRS>acre	\$/HR>acr	\$
30 ton crane, oper. & oiler		4	148.24	593
4 laborers		16	60.00	960
<u>Earthwork &amp; Grading</u>				
front end loader & operator		3	73.10	219
motor grader & operator		3	85.44	256
dump truck & operator		3	75.61	227
D-6 dozer & operator		2	107.80	216
<u>Capping</u>				
concrete (in CY)		4	63.00	252
one laborer		4	27.86	111
forms, etc. (SUM)		1	50.00	50
<u>Revegetation</u>				
tractor + disc/drill + operator	>	1.51	160.00	242
seed @ \$140/acre	>	1.51	140.00	211
fertilizer @ 200 lb/acre	>	1.51	100.00	151
TOTAL				3,488
Avg. cost per acre		\$2,310		

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LITTLE EMMA (1?)		1.10	acre	
<u>Structural Removal</u>				
		HRS>acre	\$/HR>acr	\$
30 ton crane, oper. & oiler		4	148.24	593
4 laborers		16	60.00	960
<u>Earthwork &amp; Grading</u>				
front end loader & operator		4	73.10	292
motor grader & operator		4	85.44	342
dump truck & operator		4	75.61	302
D-6 dozer & operator		4	107.80	431
<u>Capping</u>				
concrete (in CY)		4	63.00	252
one laborer		4	27.86	111

5/7

forms, etc. (SUM)		1	50.00	50
<u>Revegetation</u>				
tractor + disc/drill + operator	>	1.10	160.00	176
seed @ \$140/acre	>	1.10	140.00	154
fertilizer @ 200 lb/acre	>	1.10	100.00	110
TOTAL				3,774
Avg. cost per acre		\$3,431		

COTTONWOOD 1 & 2		1.24	acre	STATE LANDS BOND
<u>Structural Removal</u>				
			HRS>acre \$/HR>acr	\$
30 ton crane, oper. & oiler		4	148.24	593
4 laborers		16	60.00	960
<u>Earthwork &amp; Grading</u>				
front end loader & operator		2	73.10	146
motor grader & operator		2	85.44	171
dump truck & operator		2	75.61	151
<u>Capping</u>				
concrete (in CY)		4	63.00	252
one laborer		4	27.86	111
forms, etc. (SUM)		1	50.00	50
<u>Revegetation</u>				
tractor + disc/drill + operator	>	1.24	160.00	198
seed @ \$140/acre	>	1.24	140.00	174
fertilizer @ 200 lb/acre	>	1.24	100.00	124
TOTAL				2,931
Avg. cost per acre		\$2,363		

COTTONWOOD 3	ASSUMED	1.50	acre	STATE LANDS BOND
<u>Structural Removal</u>				
			HRS>acre \$/HR>acr	\$
30 ton crane, oper. & oiler		4	148.24	593
4 laborers		16	60.00	960
<u>Earthwork &amp; Grading</u>				
front end loader & operator		3	73.10	219
motor grader & operator		3	85.44	256
dump truck & operator		3	75.61	227
D-6 dozer & operator		2	107.80	216
<u>Capping</u>				
concrete (in CY)		4	63.00	252
one laborer		4	27.86	111
forms, etc. (SUM)		1	50.00	50

Revegetation

tractor + disc/drill + operator	>	1.5	160.00	240
seed @ \$140/acre	>	1.5	140.00	210
fertilizer @ 200 lb/acre	>	1.5	100.00	150
TOTAL				3,484
Avg. cost per acre		\$2,323		

## LITTLE BONANZA 8A 1.00 acre STATE LANDS BOND

Structural Removal -NONE-

<u>Earthwork &amp; Grading</u>	HRS>acre	\$/HR>acr	\$
front end loader & operator	2	73.10	146
motor grader & operator	2	85.44	171
dump truck & operator	2	75.61	151
D-6 dozer & operator	1	107.80	108

Capping

concrete (in CY)	4	63.00	252
one laborer	4	27.86	111
forms, etc. (SUM)	1	50.00	50

Revegetation

tractor + disc/drill + operator	>	1	160.00	160
seed @ \$140/acre	>	1	140.00	140
fertilizer @ 200 lb/acre	>	1	100.00	100
TOTAL				1,390
Avg. cost per acre		\$1,390		

## PROCESSING FACILITIES 12.00 acre

<u>Structural Removal</u>		HRS>acre	\$/HR>acr	\$
30 ton crane, oper. & oiler		24	148.24	3,558
4 laborers		40	60.00	2,400
front end loader & operator		40	73.10	2,924
tractor trailer & operator		40	75.61	3,024
<u>Earthwork &amp; Grading</u>				
front end loader & operator		40	73.10	2,924
motor grader & operator		40	85.44	3,418
dump truck & operator		40	75.61	3,024
D-6 dozer & operator		80	107.80	8,624
backhoe & operator		20	65.54	1,311
<u>Revegetation</u>				
tractor + disc/drill + operator	>	12	160.00	1,920
seed @ \$140/acre	>	12	140.00	1,680

7/7

fertilizer @ 200 lb/acre	>	12	100.00	1,200
TOTAL				36,007
Avg. cost per acre		\$3,001		

<u>Project Supervision</u>	340	34.26	11,648
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<u>Mobilization</u>	6	1,000	6,000
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RECLAMATION SUMMARY      ZIEGLER M/047/013 12/3/92

	SL BOND	\$	ACRES
Independent 3		2,987	1.38
Independent 4		2,999	1.41
Independent 5	SL BOND \$5,000	3,922	0
Little Bonanza 3		3,448	1.14
Little Bonanza 8		3,069	1.00
Little Bonanza 11		2,947	1.01
Little Bonanza 12		3,488	1.51
Little Emma 1		3,774	1.10
Cottonwood 1 & 2	SL BOND \$5,000	2,931	0
Cottonwood 3	SL BOND \$7,500	3,484	0
Little Bonanza 8A	SL BOND \$5,000	1,390	0
Processing facilities		36,007	12.00
Project supervision		11,648	NA
Mobilization		6,000	NA
subtotal		76,367	
Add 10% contingency		7,637	
subtotal		84,004	
Add 5 yrs escalation @ 1.27%		5,471	
TOTAL		89,475	

ROUNDED TOTAL IN 1997 - \$	\$89,500
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total acreage =	25.49
overall avg. cost per acre =	\$3,511

## ATTACHMENT "A"

ZIEGLER CHEMICAL & MINERAL CORP.ZIEGLER GILSONITE MINESOperatorMine NameM/047/013UINTAHCounty, UtahPermit Number

## The legal description of lands to be disturbed is:

<u>Name</u>	<u>Legal Description</u>	<u>Acres</u>
Independent 3	T9S, R24E, Sec. 16: SE1/4 of NE1/4	1.38
Independent 4	T9S, R24E, Sec. 16: SW1/4 of NE1/4	1.41
Little Bonanza 3	T9S, R24E, Sec. 16: SW1/4 of SE1/4	1.14
Little Bonanza 8	T9S, R24E, Sec. 16: SE1/4 of SE1/4	1.00
Little Bonanza 11	T9S, R24E, Sec. 22: NE1/4 of NW1/4	1.01
Little Bonanza 12	T9S, R24E, Sec. 22: NE1/4 of NW1/4	1.51
Little Emma 1	T9S, R24E, Sec. 30: SE1/4 of SE1/4	1.10
		8.55 acres
Processing Facilities:		12.00 acres
3 acres in T9S, R24E, Sec. 22:		20.55 acres
NW1/4 of NW1/4; 5 acres in		
T9S, R24E, Sec. 15: SW1/4 of SW1/4;		
4 acres in T9S, R24E, Sec. 16:		
SW1/4 of SE1/4.		



RECEIVED

DEC 30 1992

DIVISION OF  
OIL GAS & MINING

NATIONAL WESTMINSTER BANK USA  
TRADE SERVICES DEPARTMENT  
80 PINE STREET - 11TH FLOOR  
NEW YORK, NEW YORK 10005-1702  
TEL. (212) 602-1240

DATE: DECEMBER 29, 1992

AMENDMENT NO. 002  
TO OUR STANDBY L/C NO. 5091527

BENEFICIARY:

STATE OF UTAH, DEPARTMENT OF  
NATURAL RESOURCES, DIVISION OF  
OIL, GAS AND MINING  
355 WEST NORTH TEMPLE  
3 TRIAD CENTER, SUITE 350  
SALT LAKE CITY, UTAH 84180-1203

FOR ACCOUNT OF:

ZIEGLER CHEMICAL & MINERAL CORP.  
100 JERICHO QUADRANGLE  
JERICHO, NY 11753

OUR SUBJECT LETTER OF CREDIT IS AMENDED TO READ AS FOLLOWS:

QUOTE  
IRREVOCABLE STANDBY LETTER OF CREDIT NO. \_\_\_\_\_

BENEFICIARY:

UTAH DIVISION OF OIL, GAS AND  
MINING  
3 TRIAD CENTER, SUITE 350  
SALT LAKE CITY, UTAH 84180-1203

APPLICANT:

ZIEGLER CHEMICAL & MINERAL CORP.  
100 JERICHO QUADRANGLE  
JERICHO, NY 11753

AMOUNT: USD 89,500.00  
EXPIRY DATE : JANUARY 01, 1994  
EXPIRY PLACE: OUR COUNTERS

CORRECT AMOUNT

GENTLEMEN:

1. NATIONAL WESTMINSTER BANK USA, 80 PINE STREET, 11TH FLOOR,  
NEW YORK, NY 10005, ATTN: STANDBY LETTER OF CREDIT UNIT,  
("BANK") HEREBY ESTABLISHES THIS IRREVOCABLE LETTER OF CREDIT  
(THE "LETTER OF CREDIT") IN FAVOR OF UTAH DIVISION OF OIL, GAS  
AND MINING ("DIVISION") FOR AN AGGREGATE AMOUNT NOT TO EXCEED  
USD 69,100.00 (U.S. DOLLARS SIXTY NINE THOUSAND ONE HUNDRED AND  
00/100 ), ("FACE AMOUNT") EFFECTIVE IMMEDIATELY.

WRONG

2. THIS LETTER OF CREDIT WILL EXPIRE UPON THE FIRST EVENT SET  
FORTH AS FOLLOWS:

A) 5:00 O'CLOCK P.M. NEW YORK TIME ON JANUARY 01, 1994 OR  
B) THE DATE UPON WHICH SUFFICIENT DOUCMENTS ARE EXECUTED BY THE  
DIVISION TO RELEASE ZIEGLER CHEMICAL & MINERAL CORP.  
("OPERATOR") FROM FURTHER LIABILITY FOR RECLAMATION OF THE  
GILSONITE MINES M/047/013 WITH NOTICE TO THE BANK BY THE

OK

Corrected version mailed  
To DDBM 1-15

K



DIVISION ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT WITH DIRECTIONS FOR CANCELLATION.

3. THIS LETTER OF CREDIT WILL BE AUTOMATICALLY EXTENDED FOR SUCCESSIVE PERIODS OF ONE YEAR FROM THE CURRENT OR ANY FUTURE EXPIRATION DATE UNLESS THE BANK GIVES NOTICE TO THE DIVISION NINETY DAYS PRIOR TO THE EXPIRATION DATE THAT BANK ELECTS NOT TO RENEW THE LETTER OF CREDIT.

4. FUNDS UNDER THE LETTER OF CREDIT ARE AVAILABLE AGAINST THE DIVISION'S SIGHT DRAFT, IN THE FORM OF EXHIBIT A, SPECIFYING LETTER OF CREDIT NO. S091527 DELIVERED TO THE OFFICE OF THE BANK, 80 PINE STREET, 11TH FLOOR, NEW YORK, NY 10005, ATTN: STANDBY LETTER OF CREDIT UNIT. AT THE DIVISION'S SOLE ELECTION, THE DIVISION MAY PRESENT SIGHT DRAFTS FOR LESS THAN THE FACE AMOUNT SO LONG AS THE AGGREGATE AMOUNT OF ALL SIGHT DRAFTS DOES NOT EXCEED THE FACE AMOUNT. EACH DRAFT MUST BE ACCOMPANIED BY A CERTIFICATE IN THE FORM OF EXHIBIT B, SIGNED BY A PURPORTED DULY AUTHORIZED REPRESENTATIVE OF THE DIVISION.

5. IF THE BANK RECEIVES THE DIVISION'S SIGHT DRAFT(S) AND CERTIFICATE(S) AS PROVIDED IN PARAGRAPH NO. 4 ABOVE ON OR BEFORE THE EXPIRATION OR TERMINATION OF THIS LETTER OF CREDIT, THE BANK WILL MAKE SUCH AMOUNT AS THE DIVISION MAY SPECIFY, WITHIN THE LIMITS OF THE SECOND SENTENCE OF PARAGRAPH NO. 4 OF THIS LETTER OF CREDIT, AVAILABLE TO THE DIVISION NO LATER THAN THE CLOSE OF BUSINESS, NEW YORK CITY TIME, ON THE SECOND BUSINESS DAY FOLLOWING THE BANK'S RECEIPT OF THE SIGHT DRAFT AND CERTIFICATE AND IN SUCH A MANNER AS THE DIVISION MAY SPECIFY.

6. THE BANK WILL GIVE PROMPT NOTICE TO THE OPERATOR AND TO THE DIVISION DIRECTOR OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE BANK, OR ALLEGING ANY VIOLATIONS OF REGULATORY REQUIREMENTS WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO DO BUSINESS.

7. THE LETTER OF CREDIT WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND SHALL BE SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1983 REVISION), THE INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 400, AS THE SAME MAY BE AMENDED AND IN EFFECT FROM TIME TO TIME ("UCP"). IN THE EVENT OF A CONFLICT BETWEEN NEW YORK LAW AND THE UCP, NEW YORK LAW SHALL GOVERN.

8. ALL COMMUNICATIONS REGARDING THIS LETTER OF CREDIT WILL BE ADDRESSED TO THE BANK, AT 80 PINE STREET, 11TH FLOOR, NEW YORK, NY 10005, ATTN: STANDBY LETTER OF CREDIT UNIT, REFERENCING LETTER OF CREDIT NO. S091527, DATED JUNE 24, 1992.

VERY TRULY YOURS,

NATIONAL WESTMINSTER BANK USA





ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

UNQUOTE

OPERATIONS OFFICER

BY:

THIS EXHIBIT FORMS AN INTERGRAL PART OF LETTER OF CREDIT

EXHIBIT A

DATE	CITY, COUNTY	LETTER OF CREDIT NO.
PAY TO OURSELVES * _____ DOLLARS		

TO: UTAH DIVISION OF OIL, GAS AND  
MINING  
3 TRIAD CENTER, SUITE 350  
SALT LAKE CITY, UTAH 84180-1203

UTAH DIVISION OF OIL, GAS AND MINING

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\*BY WIRE TRANSFER IN UNITED STATES DOLLARS TO:  
UTAH DIVISION OF OIL, GAS AND MINING

THIS EXHIBIT FORMS AN INTERGRAL PART OF LETTER OF CREDIT .

EXHIBIT B

I, \_\_\_\_\_ A DULY AUTHORIZED REPRESENTATIVE OF THE UTAH DIVISION OF OIL, GAS AND MINING, HEREBY CERTIFY THAT (1) THE DRAWING IN THE AMOUNT OF \$\_\_\_\_\_, BY SIGHT DRAFT ACCOMPANYING THIS CERTIFICATE, UNDER LETTER OF CREDIT NO. S091527 DATED JUNE 24, 1992 ISSUED BY YOU IS PERMITTED UNDER THE PROVISION OF THE LETTER OF CREDIT, (2) THE LETTER OF CREDIT HAS NEITHER EXPIRED NOR TERMINATED PURSUANT TO ITS TERMS, AND (3) THE AMOUNT OF THE SIGHT DRAFT, TOGETHER WITH ANY AMOUNTS PREVIOUSLY DRAWN UNDER THE LETTER OF CREDIT DOES NOT EXCEED THE FACE AMOUNT. PROCEEDS OF THIS DRAWING WILL BE UTILIZED IN FULL TO PAY THE EXPENSE RELATING TO THE RECLAMATION LIABILITY FOR THE GILSONITE MINES M/047/013.

THE UTAH DIVISION OF OIL, GAS AND MINING

BY: \_\_\_\_\_  
AUTHORIZED SIGNATURE

DATE \_\_\_\_\_